EMPLOYMENT – RESIDENCE AND DOMICILE ISSUES

The boxes on your Employment Pages enable you to calculate total emoluments received from that employment during the year ending 5 April 2000. Complete as appropriate, following the guidance in the Notes on Employment. However, in consequence of your:

- **residence status (see Non-residence etc. Pages), and**
- **the place where the duties of your employment were performed (see Note 1 on page 4)**

you may not be liable to UK Income Tax on the whole amount in the year ending 5 April 2000. This Help Sheet enables you to calculate the amounts received from that employment in the year ending 5 April 2000 which are not liable to UK Income Tax in the year ending 5 April 2000 and which must be entered in box 1.31 on the Employment Pages.

PART 1

If your employer has obtained a direction regarding the proportion of your earnings on which PAYE was to be operated, you should ensure that all of the cash emoluments from the employment have been included in boxes 1.8 to 1.10, and not only those on which PAYE has been operated.

Throughout this Help Sheet the phrases 'earlier year' and 'later year' will be used. These refer to:

- 'earlier year' - a tax year which ends before 6 April 1999
- 'later year' - a tax year commencing after 5 April 2000.

If in an earlier year you were:

- paid emoluments overseas which were not liable to UK Income Tax unless they were remitted (See Note 2 on page 4) to the UK, **and**
- during this year you have remitted some or all of those sums to the UK, **and**
- those sums do not appear on your Employment Pages,

enter the amount remitted in box 1. **1** £

Copy the figure from box 1 to box 1.10 of your Employment Pages.

If you are in receipt of 'foreign emoluments' (Note 4 on page 4) and you wish to claim a deduction for 'corresponding payments' (see Note 5 on page 4), enter the amount of the deduction in box 2. Relief for loan interest is given in terms of tax and restricted to 10%. Calculate the figure for inclusion in box 2 by multiplying loan interest by 10%, for example, £10,000 x 10% = £1,000. State which corresponding payments you are claiming in the 'Additional information' box on Page E2 of the Employment Pages. **2** £

Loan interest should be entered in box 15.2 of the Tax Return. Other corresponding payments should be entered in box 1.35 of the Employment Pages.

Add together the figures from boxes 1.8, 1.9, 1.12 to 1.23, and 1.27 on your Employment Pages. Deduct boxes 1.32 to 1.34 and the figure in box 2 aside.

Enter the total in box 3. **3** £

If any earnings entered in the Employment Pages for the year ending 5 April 2000 were received in a foreign country and you were prevented from bringing them to the UK by law, government action or a shortage of foreign currency in that country, you may be able to leave those earnings out of this Tax Return. If you think that this applies to you, ask your Inland Revenue office or tax adviser for help.

Enter in box 4 earnings left out of account. **4** £

If you qualify for split year treatment, see page NRN3 of the Notes on Non-residence etc., and have ticked box 9.6 you have different residence status for periods within the year. You should use a separate copy of this Help Sheet for each period in the year when your residence status was different. If you have not performed duties in the UK, other than incidental duties, prior to arrival or after departure, you need only report income for the period of residence. When using work days in a calculation, for example at boxes 17 and 18, remember to refer only to the period of residence.

If any of the amount in box 3 has been earned in an earlier year or will be earned in a later year, enter the amount relating to the earlier or later year in box 5. You will need to complete Part 3 of the Help Sheet. **5** £

Part 2 refers to your residence and/or domicile status and the place(s) where the duties of your employment were performed during the year ending 5 April 2000. The instructions below tell you which section in Part 2 to complete.

Enter in box 6 the amount in box 3 *minus* any amount entered in box 5. **6** £

If, on the Non-residence etc. Pages, you ticked boxes 9.1 and 9.3 (resident and ordinarily resident), go to Part 2 Section A. If you ticked boxes 9.1 and 9.4 (resident but not ordinarily resident) go to Part 2 Section B. If you ticked box 9.2 (not resident) go to Section C. Boxes prefixed by '9' refer to the Non-residence etc. Pages.

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PART 2

A. Resident and ordinarily resident but not domiciled in the UK

You should only complete this section if you are:

- resident and ordinarily resident in the UK (you ticked boxes 9.1 and 9.3), **and**
- not domiciled in the UK (you ticked box 9.5), **and**
- your employer was resident outside and not resident in the UK, **and**
- you performed the duties of the employment **wholly** outside the UK.

Enter in box 7 the amount from box 6, if any, which was **not remitted** to the UK during year ending 5 April 2000 (see Notes 1 and 2 on page 4). **7** £

Go to Part 3 if appropriate. If not go to Part 4.

B. Resident but not ordinarily resident

(You ticked boxes 9.1 and 9.4.)

B1. If you performed the duties of the employment wholly outside the UK, enter in box 15 any amounts not remitted to the UK during year ended 5 April 2000. Go to Part 3 if appropriate. If not go to Part 4. If you performed the duties of the employment **partly in** and **partly outside** the UK go to B2.

B2. If you received **all** of your earnings in the UK during year ended 5 April 2000 enter zero in box 15. Go to Part 3 if appropriate. If not go to Part 4.

B3. If you received **part** of your earnings in the UK during year ended 5 April 2000 go to B4.

B4. Enter in box 8 the days you worked outside the UK during year ended 5 April 2000 in respect of this employment (see Note 6 on page 4). **8** *days*

Enter in box 9 the total number of days you worked in pursuit of this employment in the year ended 5 April 2000. **9** *days*

Enter in box 10 the figure from box 6 multiplied by box 8 divided by box 9. **10** £

Go to B5.

B5. Enter in box 11 the figure from box 6 *minus* the figure in box 10. **11** £

B6. Enter in box 12 the amount received in the UK during year ended 5 April 2000 (see Note 2 on page 4). **12** £

If box 12 is greater than 11, subtract box 11 from box 12 and enter the result in box 13. Otherwise enter zero in box 13. **13** £

B7. Add together box 11 and box 13. Enter the total in box 14. **14** £

B8. Enter in box 15, box 6 *minus* box 14. **15** £

Go to Part 3 if appropriate. If not go to Part 4.

C. Not resident in the UK

(You ticked box 9.2.)

C1. If you were not resident for the whole of 1999-2000 and:

- you performed all of the duties of the employment outside the UK, you are not required to complete the Employment Pages for this employment. (See page 6, Question 1 Employment, of the Tax Return Guide and page NRN8 of the Non-residence etc. Notes.)
- you performed some of the duties of the employment outside the UK, go to C2
- you performed all of the duties of the employment in the UK, enter nil in box 16. **16** £

Go to Part 3 if appropriate. If not, go to Part 4.

C2. If your duties were performed **partly** in the UK:

- enter in box 17 the number of days worked outside the UK in the year ended 5 April 2000 in respect of this employment **17** *days*
- enter in box 18 the total number of days you worked in pursuit of this employment in the year ended 5 April 2000 **18** *days*
- enter in box 19 the figure from box 6 multiplied by box 17 divided by box 18. **19** £

Go to Part 3 if appropriate. If not go to Part 4.

PART 3
Payments earned in an earlier or later year

This part should only be completed if you entered a figure in box 5.

You must now establish your residence and domicile status for the earlier or later year. Do this by completing a copy of the Non-residence etc. Pages, answering questions with information which applies to the earlier or later year. Go to paragraphs 1 to 7, as appropriate to your residence or domicile status and the place(s) where your duties were/will be performed.

If for the earlier/later year you have/will claim 'split-year treatment' (and ticked box 9.6) and so have different residence status for different periods within the year, it will be necessary to apportion working days and emoluments between the periods and calculate liability for each period using the appropriate sections below.

Resident and ordinarily resident but not domiciled in the UK

1. Complete if you were/will be **resident and ordinarily resident but not domiciled** in the UK in the earlier or later year when the emoluments were/will be earned **and** :

- the earnings were/will be Foreign Emoluments (see Note 4 on page 4), **and**
- the duties of the employment were/will be carried out wholly outside the UK, **and**
- some or all of the earnings have been remitted (see Note 2 on page 4) to the UK during the year ended 5 April 2000.

Enter in box 20 the amount of those earnings which have been remitted to the UK during the year ended 5 April 2000. **20** £

Go to Part 4.

2. If you were/will be **resident and ordinarily resident but not domiciled** in the UK in the earlier or later year when the emoluments were/will be earned, **and**

- some or all of the duties of the employment were/will be carried out in the UK,

enter in box 21 the full amount of the earnings from the employment received (see Note 2 on page 4) in the year ended 5 April 2000. **21** £

Go to Part 4.

Resident but not ordinarily resident in the UK

3. Complete if you were/will be **resident but not ordinarily resident** in the UK in the earlier or later year when the emoluments were/will be earned, **and**

- the earnings are in respect of duties performed/to be performed overseas (see Note 1 on page 4), **and**
- the earnings have been remitted (see Note 2) to the UK during year ended 5 April 2000.

Enter in box 22 the amount of those earnings which have been remitted to the UK during the year ended 5 April 2000. **22** £

Go to Part 4.

4. Complete if you were/will be **resident but not ordinarily resident** in the UK in the earlier or later year when the emoluments were/will be earned, **and:**

- the earnings are for duties performed/ to be performed in the UK, **and**
- you have received those earnings during the year ended 5 April 2000. Enter in box 23 the amount of those earnings which have been received (see Note 2) during the year ended 5 April 2000. **23** £

Go to Part 4.

5. Complete if you were/will be **resident but not ordinarily resident** in the UK in the earlier or later year when the emoluments were/will be earned, **and:**

- the earnings are in respect of duties performed/to be performed partly in the UK and partly overseas. Follow the steps set out below.

Enter in box 24 the days you worked/will work in the UK in the earlier or later year in respect of this employment. **24** *days*

Enter in box 25 the total number of days you worked/will work in pursuit of this employment in the earlier or later year. **25** *days*

Enter in box 26 the figure from box 5 multiplied by box 24, and divided by box 25. **26** £

If the amount received in the UK exceeds the figure in box 26 enter the excess in box 27. **27** £

If the amount received is less than the figure in box 26 enter zero in box 27.

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Not resident but ordinarily resident or not resident and not ordinarily resident

6. Complete if you were/will be **not resident but ordinarily resident** or **not resident and not ordinarily resident** and you received earnings in the year ended 5 April 2000 in respect of duties performed in the UK in the earlier or later year.

7.1. If you performed/will perform the duties of the employment **wholly** in the UK, enter the earnings received in box 28 and go to Part 4. If not go to 7.2.

28 £

7.2. If you performed/will perform the duties of the employment **partly** in the UK and **partly** overseas, follow the steps set out below.

Enter in box 29 the days you worked/ will work in the UK in the earlier or later year in respect of this employment.

29 *days*

Enter in box 30 the total number of days you worked/will work in the earlier or later year in respect of this employment.

30 *days*

Enter in box 31 the figure from box 5 for this employment multiplied by box 29 divided by box 30.

31 £

Go to Part 4.

PART 4
Transfer of information to Employment Pages

1. Add together the boxes 20, 21, 22, 23, 26, 27, 28 and 31 and enter the total in box 32.

32 £

Subtract box 32 from box 5 and enter the result in box 33.

33 £

2. The figures from boxes 33, 7, 15, 16, 19 or box 4 as appropriate should be added together and the total entered in box 34.

34 £

3. Go to the Employment Pages and enter in box 1.31 the figure from box 34.

Notes

1. Duties can be treated as performed wholly outside the UK even when some of the duties are in fact performed in the UK, so long as the UK duties are incidental to the performance of the overseas duties. If you want to know what is meant by 'incidental duties' see paragraphs 6.7 and 6.8 of our information leaflet *IR20: Residents and non-residents*.

2. Earnings are regarded as having been remitted if they were received in the UK in the year, or transmitted, or brought to or enjoyed in the UK in any way. If you are provided with benefits-in-kind by your employer for use in the UK, those benefits will be part of your remitted emoluments. See pages NRN5 and NRN6 of the the Notes to the Non-residence etc. Pages for further explanation of 'remitted' to or 'received' in the UK.

3. Where you received earnings abroad in an earlier year but could not bring them to the UK before this year because of government action or a shortage of foreign currency in the country where you received the earnings, you may be able to spread the tax liability back to the earlier year concerned. If you think this may apply to you, ask your Inland Revenue office or tax adviser for help.

4. Foreign Emoluments are the emoluments of a person who is not domiciled in the UK from an employer who is resident outside of and not resident in the UK. This does not include the emoluments of a person who is resident in the UK from an employer who is resident in the Republic of Ireland.

5. Corresponding payments. The Board of Inland Revenue has discretion to allow certain payments made by an employee out of foreign emoluments in circumstances corresponding to those which would have reduced his or her liability to UK Income Tax; for example, contributions to an overseas pension scheme.

If you think you qualify for a deduction, ask your Inland Revenue office or tax adviser for advice.

6. Days worked overseas are those days which have been spent outside the UK substantially performing the duties of the employment. This may include travelling where the journey is itself part of the duties.

7. Income remitted to the UK which has already been taxed in another country. Add to the amount of income chargeable in the UK the amount of foreign tax attributed to that income. If you have difficulties you should contact your Inland Revenue office.

Example

Foreign income	£1000
Foreign tax	£400
Net foreign income	£600
Income remitted to UK	£300
Foreign tax to be added:	
Income remitted	£300
plus foreign tax $(^{300}/_{600} \times 400)$	£200
	£500

Claims for tax credit relief should be made on the Foreign Pages.

These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal.